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Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 SSO-00 EB-07 L-03 INR-07 INRE-00

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O R 221546Z AUG 75
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 2369
INFO USDOC

C O N F I D E N T I A L BUENOS AIRES 5650

FOR ASSISTANT SECRETARY ROGERS, ARA

E.O. 11652: GDS
TAGS: BEXP, EFIN, AR
SUBJECT: MINISTER OF ECONOMY CAFIERO'S VISIT TO US

1. AS EMBASSY IS REPORTING SEPARATELY, MINECON CAFIERO HAS SAID HE WILL BE IN US FOR IMF/WORLD BANK MEETINGS. HE IS PLANNING DEPART B.A. ON AUG. 28 AND INTENDS REMAIN IN US FOR APPROXIMATELY ONE WEEK.

2. HIS VISIT PROVIDES USG OPPORTUNITY PROPOSE TO HIM THAT HE SIGN AT LEAST ONE, POSSIBLY TWO, EXIM LOAN CONTRACTS WHILE HE IN WASHINGTON. CONTRACTS IN QUESTION ARE:
A) FOR US$35 MILLION - RAILROAD LOCOMOTIVE COMPONENTS; THIS LOAN IS RESCHEDULING OF EARLIER LOAN TO FERROCAR-RILES ARGENTINOS; SUPPLIER IS GENERAL MOTORS INTER-AMERICA CORP.
B) FOR US$42 MILLION - PUMP TURBINES FOR RIO GRANDE HYDROELECTRIC PROJECT; SUPPLIER IS ALLIS CHALMERS. FERROCARRILES CONTRACT WILL MOST CERTAINLY BE READY IN TIME TO BE SIGNED BY CAFIERO. THERE IS LESS CERTAINTY THAT AGUA Y ENERGIA ELECTRICA (AYEE) CONTRACT WILL BE READY BY THEN, BUT THIS A POSSIBILITY.

3. THESE CONTRACTS WOULD BE SIGNED NEAR FUTURE ANYWAY. (EMBASSY HAS HAD NO INDICATION EXIM MAY BE HOLDING UP CON-
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SUMMATION OF CONTRACTS FOR WHICH FUNDS HAVE ALREADY BEEN

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COMMITTED.) IN PR SENSE, THIS POSSIBILITY GIVES THE USG CHANCE TO MAKE GOOD ON SECRETARY KISSINGER'S PROMISE OF SUPPORT IN RESOLVING ARGENTINA'S FINANCIAL PROBLEMS.

4. ACTION REQUESTED: EMBASSY REQUESTS THAT DEPARTMENT DISCUSS WITH EXIM ASAP THE POSSIBILITY THAT ONE OR BOTH OF THESE CONTRACTS MIGHT BE SIGNED AT THE BANK ON LAST DAY OF CAFIERO'S VISIT TO US. WE SUGGEST THAT ARA/APU APPROACH EXIM VICE PRESIDENT FOR LATIN AMERICA, EDWARD O'CONNOR AND ATTEMPT TO CONVINCE HIM THAT, AT VERY LEAST, FERROCARILES CONTRACT BE PREPARED FOR SIGNATURE. WE ARE QUITE INTERESTED IN HAVING THE AYEE CONTRACT SIGNED SAME TIME IN VIEW OF IMPORTANCE OF CUSTOMER AND IN VIEW OF LENGTHY DELAY IN NEGOTIATING THIS CONTRACT, BUT WE REALIZE THAT THERE MAY NOT BE ENOUGH TIME. NEVERTHELESS, WOULD APPRECIATE DEPARTMENT'S ENCOURAGING EXIM IN THIS REGARD.
5. FYI - AMBASSADOR HILL HAS RECENTLY CORRESPONDED WITH EXIM BANK CHAIRMAN CASEY ON THE AYEE CONTRACT IN AN EFFORT SPEED PACE OF NEGOTIATIONS. EMBASSY HAS ALSO BEEN IN CONTACT WITH SUPPLIER, ALLIS CHALMERS, AND PARTICIPATING COMMERCIAL BANK, LLOYD & BOLSA, IN ATTEMPT PRESSURE THEM TO SPEED UP PROCESS. END FYI.

6. IN VIEW LIMITED TIME REMAINING BEFORE CAFIERO'S DEPARTURE, REQUEST DEPARTMENT TELEPHONE EMBASSY TO ADVISE US OF EXIM'S RESPONSE. AMBASSADOR HILL PLANS PROPOSE SIGNING TO CAFIERO PRIOR HIS DEPARTURE, SHOULD ANSWER BE AFFIRMATIVE.
HILL

NOTE BY OC/T:DISTRIBUTION COORDINATED WITH S/S-O, MR. JOHNSON.

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